

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 SSO-00 INRE-00 CAB-02
CIAE-00 COME-00 DODE-00 DOTE-00 INR-10 NSAE-00
FAA-00 L-03 /036 W
-----064420 281750Z /47
O 281705Z FEB 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 3625

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 03257

E.O. 11652: GDS
TAGS: EAIR, US, UK
SUBJECT: CIVAIR: BRANIFF FARES

REF: (A) STATE 50782; (B) LONDON 3067; (C) STATE 46400;
(D) LONDON 3237

1. SUMMARY: UK RESPONSE REJECTS ARGUMENTS PUT FORWARD
IN US MESSAGE ON BRANIFF FARES. UK IS PREPARED TO ACCEPT
A COMPROMISE FARES PACKAGE IT HAS WORKED OUT WITH
BRANIFF, OR THE FARES IN FORCE FOR DALLAS-LONDON LAST
YEAR. DEPT. OF TRADE OFFICIALS CONTINUE TO BE UPSET AT
WHAT THEY SEE AS BRANIFF'S EFFORTS TO OBTAIN AN UNFAIR
ADVANTAGE OVER BRITISH CALEDONIAN IN COMPETITION FOR
CONNECTING TRAFFIC. END SUMMARY.

2. FOLLOWING IS PRECIS OF UK RESPONSE (COPIES OF WHICH
SENT BRITISH EMBASSY WASHINGTON AND CONSULATE GENERAL
HOUSTON) TO US MESSAGE ON BRANIFF FARES:

(A) UK HAS GIVEN PROPER NOTICE OF DISSATISFACTION
WITH BRANIFF'S FILINGS. THE BRITISH AUTHORITIES HAVE
WORKED WITH BRANIFF TO ACHIEVE A MUTUALLY AGREED TARIFF
AND HOPE TO APPROVE A BRANIFF RE-FILING. SHORT NOTICE
WILL NOT BE A PROBLEM.

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(B) UK FAILURE TO APPROVE WOULD NOT VIOLATE BERMUDA
2. BRANIFF COULD STILL USE THE FARES IN EFFECT BETWEEN
LONDON AND DALLAS LAST YEAR IN THE SAME SEASON. ARTICLE
12 WOULD NOT CONTAIN A SETTLEMENT OF DISPUTES PROVISION
IF AN AIRLINE OR ITS GOVERNMENT COULD INTERPRET ARTICLE
12(2) UNILATERALLY. THE BRANIFF FILINGS ARE NOT COM-

PARABLE TO FILINGS PREVIOUSLY APPROVED BY THE UK AND
CONTAIN MANY PREDATORY FEATURES.

(C) UK DOES NOT INTEND TO PREVENT BRANIFF FROM
OPERATING. HOPEFULLY THE AIRLINE WILL REFILE A TARIFF
THE UK CAN APPROVE. IF NOT, IT CAN OPERATE USING THOSE
TARIFF ELEMENTS WHICH CAN BE APPROVED, OR UNDER THE
TARIFFS IN FORCE LAST YEAR.

(D) "THE UNITED KINGDOM GOVERNMENT IS MUCH CONCERNED
AT THE LAST SENTENCE OF THE STATE DEPARTMENT'S MESSAGE.
THE THREAT OF SUCH ACTION APPEARS TO HMG CONTRARY TO THE
SPIRIT OF THE BERMUDA 2 AGREEMENT AND THE PROVISIONS IN
IT FOR SETTling DISPUTES."

3. BROWN OF UK DEPT. OF TRADE EXPLAINED ORALLY THAT
BRANIFF AND UK CIVIL AVIATION AUTHORITY HAVE INFORMALLY
WORKED OUT A FARES PACKAGE ACCEPTABLE TO BOTH. WHILE
UNWILLING TO COMMIT THEMSELVES FORMALLY IN ADVANCE, UK
AUTHORITIES WOULD UNDOUBTEDLY ACCEPT FILING ON BASIS
THAT AGREEMENT. ACCORDING TO BROWN, THAT IS THRUST OF
RATHER OPAQUE TELEX SENT BRANIFF ON FEB. 28 (COPY SENT
EMBASSY). BROWN NOTED THAT TO REACH AGREEMENT UKG HAD
HAD TO REJECT CERTAIN STRONGLY HELD BRITISH CALEDONIAN
VIEWS.

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4. IN DISCUSSION OF OBJECTIONABLE PARTS OF BRANIFF'S ORIGINAL FILING BROWN SEEMED MUCH MORE CONCERNED ABOUT CERTAIN "PREDATORY" ASPECTS THAN THE MERE EXTENSION OF STANDBY AND BUDGET. HE MENTIONED SPECIFICALLY A BRANIFF PROPOSAL FOR COMMON-RATING (DETAILS UNCLEAR) WHICH WOULD HE SAID, HAVE HAD THE EFFECT OF ENSURING THAT ALL TRAFFI FROM FARTHER WEST WENT VIA DALLAS RATHER THAN HOUSTON. WHILE RECOGNIZING THAT UNDER BERMUDA 2 UK HAD NO CONTROL BROWN WAS ALSO INCENSED AT BRANIFF'S ATTEMPT TO WIN TRAFFIC BY OFFERING AGENTS 40 DOLLARS PLUS A HIGH PERCENTAGE COMMISSION FOR THE DALLAS-LONDON LEG, PLUS AN ADDITIONAL 40 DOLLARS FOR THE LONDON-PARIS LEG. COMMENT: OPPOSITION TO IMMEDIATE EXTENSION OF STANDBY AND BUDGET TO NEW GATEWAY NEVERTHELESS REMAINS FIRMLY HELD BRITISH POSITION. END COMMENT.

5. DEPUTY SECRETARY SHOVELTON OF UK DOT HELD PRESS CONFERENCE FEB. 24, APPARENTLY ON BACKGROUND BASIS, SETTING FORTH BOTH BRITISH VIEWS ON NORTH ATLANTIC FARES AND CURRENT STATUS OF THE CHARTER NEGOTIATIONS. AS REPORTED TO EMBASSY BY AVIATION WEEK REPORTER (AND AS REPORTED IN FINANCIAL TIMES), SHOVELTON'S DISCUSSION WAS CONFIDENTIAL

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FAIRLY DETAILED AND ACCURATE, THOUGH WITHOUT MENTION OF APPARENT IMPASSE OVER BRANIFF FARES, AND NON-CONFRONTATIONAL IN TONE.

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